

**CALENDAR ITEM
C36**

A 1
S 1

08/15/14
PRC 5354.1
B. Terry

**GENERAL LEASE – COMMERCIAL USE
AND ENDORSEMENT OF A SUBLEASE**

APPLICANT/SUBLESSOR:

Lakehouse Mall Property Management, Inc.
120 Grove Street
Tahoe City, CA 96145

SUBLESEE:

Tahoe Water Adventures
c/o 120 Grove Street
Tahoe City, CA 96145

AREA, LAND TYPE, AND LOCATION:

Sovereign land in Lake Tahoe, adjacent to 120 Grove Street, Tahoe City, Placer County.

AUTHORIZED USE:

LEASE: Continued use and maintenance of an existing commercial pier with an Americans with Disabilities Act lift, and eight mooring buoys previously authorized by the Commission, and two seasonal string lines not previously authorized by the Commission.

SUBLEASE: Operation and management of watercraft rentals.

TERM:

LEASE: 20 years, beginning March 1, 2013.

SUBLEASE: Four years and seven months, beginning March 1, 2013, and ending October 1, 2017, with the option to extend the lease term up to three times in five-year increments.

CALENDAR ITEM NO. **C36** (CONT'D)

CONSIDERATION:

\$3,556 per year, with an annual Consumer Price Index adjustment, and the State reserving the right to adjust the rent at the 10-year anniversary, as provided in the lease.

SPECIFIC LEASE PRVISIONS:

Insurance:

Liability insurance in an amount no less than \$2,000,000 per occurrence.

Surety:

Surety bond or other security in the amount of \$25,000.

Other:

Lessee agrees to implementation of the Commission's Best Management Practices for Marina Owners/Operators" and "Best Management Practices for Guest Dock Users and Boaters," including additional Best Management Practices (BMPs) the Commission subsequently deems appropriate for either of the above categories. Lessee shall post the "BMPs in prominent places within the lease premises. The Lessee shall provide the Commission, on the first anniversary of the lease and tri-annually thereafter, a report on compliance with all BMPs.

OTHER PERTINENT INFORMATION:

1. Applicant owns the upland adjoining the Lease Premises.
2. On December 16, 2002, the Commission authorized the issuance of a 10-year General Lease – Commercial Use with Lakehouse Mall Property Management, Inc. (Lakehouse Mall). That lease expired on February 28, 2013. The Applicant is now applying for a new General Lease – Commercial Use and authorization of a sublease.
3. The Applicant has an existing pier with an Americans with Disabilities Act lift, two seasonal string lines, and eight mooring buoys adjacent to its upland property. The pier and mooring buoys are accessible to the general public for limited mooring and are non-revenue generating.
4. The Applicant entered into an agreement with Tahoe Water Adventures (TWA) to manage and operate a watercraft rental business consisting of four power boats and five jet skis. TWA operates daily from 7:00 a.m. to sunset approximately four to five months during the summer. During business hours when the power boats are not in use, they are moored to four of the eight buoys and the jet skis are tied to a string line. At the

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close of business, all water vessels, including the string lines, are removed from the lease premises. At that time, all eight mooring buoys are available for the public's use.

5. The agreement between the Applicant and TWA expires October 1, 2017, with the option to extend the agreement term up to three times, in five year increments. All terms of the sublease agreement are consistent with the terms of the lease. The term of the current sublease, even with the extensions, will not extend beyond the proposed lease term.
6. In 2004, the Tahoe Regional Planning Agency issued a permit to Lakehouse Mall authorizing the concessionaires operations based on the Lakehouse Mall Concession plan which included the string lines. Staff recommends the including the two string lines as authorized improvements in the lease.
7. When reviewing the Applicant's lease file, staff discovered an error in the reporting of annual gross income despite the Applicant's best efforts. This error was corrected and an additional payment of \$2,435 is now due. Staff recommends waiving any penalty and interest as a reasonable negotiated settlement of claims for past due rent.

Authority: California Code of Regulations, Title 2, section 1911, subdivision (c)(1)(B).

8. **Issuance of Lease:** The staff recommends that the Commission find that this activity is exempt from the requirements of California Environmental Quality Act (CEQA) as categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

Authority: Public Resources Code section 21084; California Code of Regulations, Title 14, section 15300 and California Code of Regulations, Title 2, section 2905.

9. **Approval of Sublease:** The staff recommends that the Commission find that the subject sublease approval does not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the CEQA.

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Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15060, subdivision (c)(3), and 15378.

10. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq., but such activity will not affect those significant lands. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBITS:

- A. Land Description
- B. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Issuance of Lease: Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

Approval of Sublease: Find that the subject sublease approval is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the subject activity is not a project as defined by Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378.

SIGNIFICANT LANDS INVENTORY FINDING:

Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code section 6370 et seq.

AUTHORIZATION:

1. Authorize acceptance of past due rent in the amount of \$2,435 and waive any penalty and interest that may have accrued.

CALENDAR ITEM NO. **C36** (CONT'D)

2. Authorize issuance of a General Lease – Commercial Use to Lakehouse Mall Property Management, Inc. beginning April 1, 2013, for a term of 20 years, for the continued use and maintenance of an existing commercial pier with an Americans with Disabilities Act lift and eight mooring buoys previously authorized by the Commission, and two seasonal string lines not previously authorized by the Commission, as described in Exhibit A and as shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof; annual rent in the amount of \$3,556, with an annual Consumer Price Index adjustment, and the State reserving the right to adjust the rent at the 10-year anniversary, as provided in the lease; liability insurance in an amount no less than \$2,000,000 per occurrence; and surety in the amount of \$25,000.

3. Authorize endorsement of a sublease between Lakehouse Mall Property Management, Inc. and Tahoe Water Adventures, beginning March 1, 2013, and ending October 1, 2017, with the option to extend the lease term up to three times, in five year increments, for operation and management of watercraft rentals.

EXHIBIT A

PRC 5354.1

LAND DESCRIPTION

Ten parcels of submerged lands situated in the bed of Lake Tahoe, lying adjacent to Lot 9 of fractional Section 6, Township 15 North, Range 17 East, M.D.B.&M., as shown on Official Government Township Plat approved November 9, 1866, County of Placer, State of California, more particularly described as follows:

PARCEL 1 – PIER

All those lands underlying an existing pier, catwalks and lift lying adjacent to that parcel described in Grant Deed recorded July 15, 1988 as Document Number 34461 in Official Records of said County.

TOGETHER WITH any applicable Impact Area(s).

EXCEPTING THEREFROM any portion lying landward of elevation 6223 feet LTD on the shoreline of said Lake Tahoe.

PARCEL 2 – TEMPORARY STRING LINES

All those lands underlying the temporary string lines lying adjacent to that parcel described in Grant Deed recorded July 15, 1988 as Document Number 34461 in Official Records of said County.

TOGETHER WITH any applicable Impact Area(s).

PARCELS 3 through 10 – BUOYS

Eight circular parcels of land, each being 50 feet in diameter, underlying eight existing buoys lying adjacent to that parcel described in Grant Deed recorded July 15, 1988 as Document Number 34461 in Official Records of said County.

Accompanying plat is hereby made part of this description.

END OF DESCRIPTION

Prepared 07/02/2014 by the California
State Lands Commission Boundary Unit.



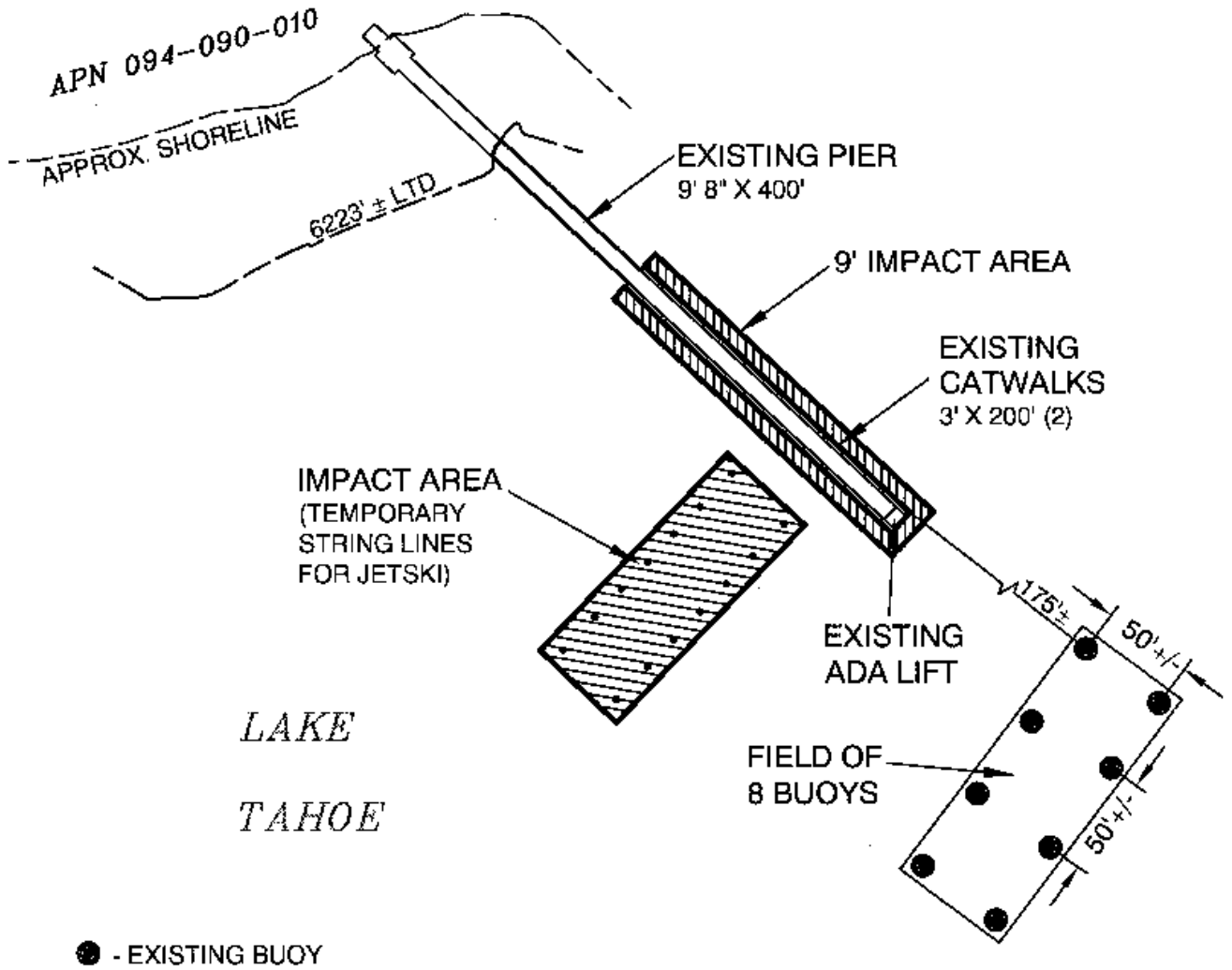


EXHIBIT A

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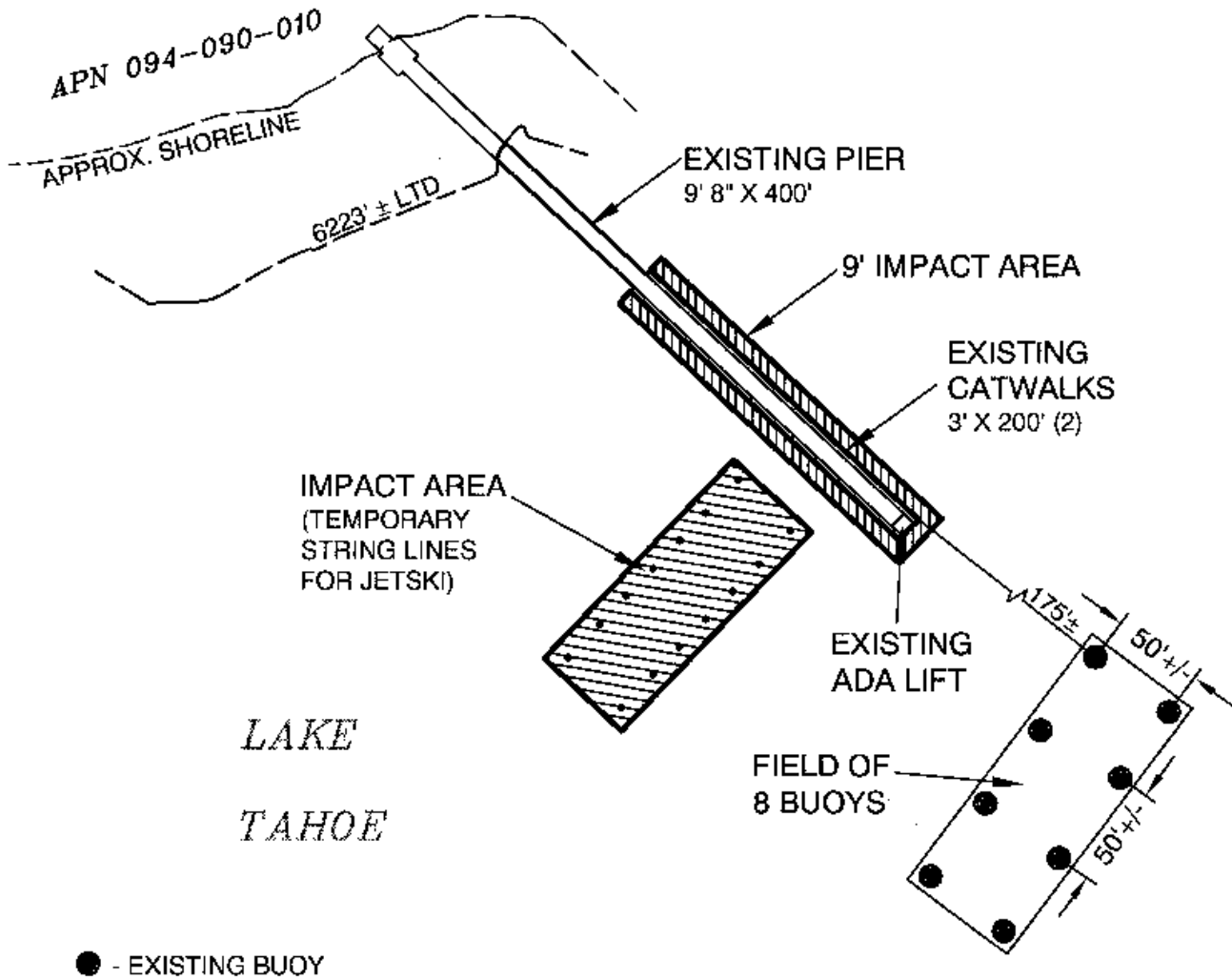
LAND DESCRIPTION PLAT
 PRC 5354.1, LAKEHOUSE MALL
 PROPERTY MANAGEMENT
 PLACER COUNTY

CALIFORNIA STATE
 LANDS COMMISSION



NO SCALE

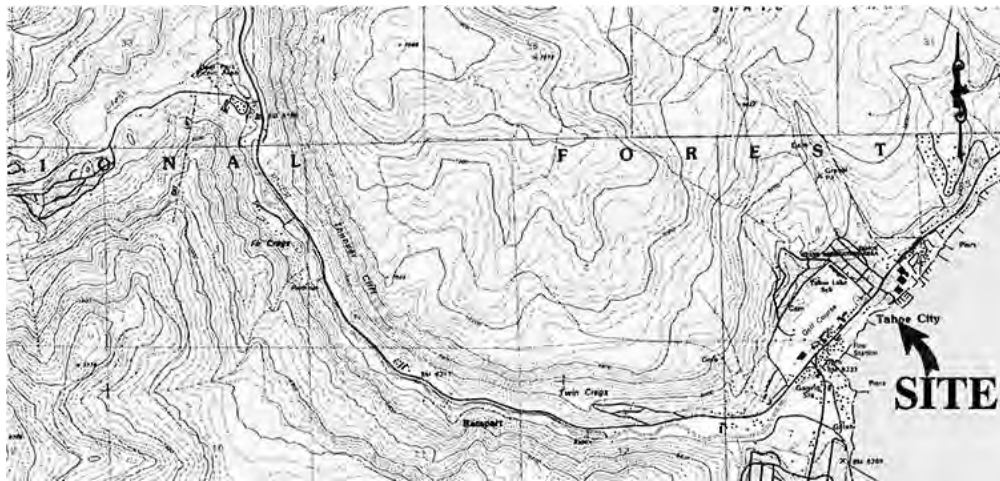
SITE



120 GROVE STREET, TAHOE CITY

NO SCALE

LOCATION



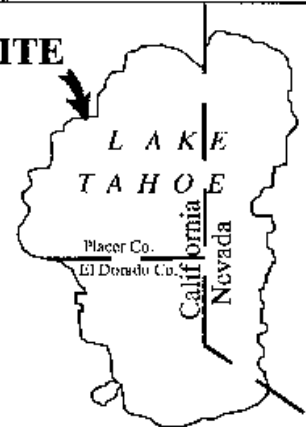
MAP SOURCE: USGS QUAD

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

Exhibit B

PRC 5354.1
 LAKEHOUSE MALL
 PROPERTY MANAGEMENT
 APN 094-090-010
 GENERAL LEASE -
 COMMERCIAL USE
 PLACER COUNTY

SITE



TS 07/02/14